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**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH
SCIENCES CENTER IN NEW ORLEANS/TULANE HEALTH
SCIENCES CENTER**

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-22-04

**CASCIO, DAVIS & SCHMIDT, LLP
Certified Public Accountants**

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

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CD&S**CASCIO, DAVIS & SCHMIDT, LLP****CERTIFIED PUBLIC ACCOUNTANTS**

FRANCIS J. CASCIO, CPA
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STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Louisiana Cancer Research Center of L.S.U. Health Sciences Center in
New Orleans/Tulane Health Sciences Center

We have audited the accompanying statement of financial position of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a non-profit corporation) as of June 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The summarized comparative information has been derived from the Corporation's financial statements for the year ended June 30, 2003 and in our report dated September 22, 2003, we expressed an unqualified report on these financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2004, on our consideration of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center taken as a whole. The accompanying combined statement of activities and the Required Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cascio, Davis & Schmidt, LLP.

August 26, 2004

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES
CENTER IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

STATEMENT OF FINANCIAL POSITION

June 30, 2004

	ASSETS	MEMORANDUM ONLY June 30, 2003
CURRENT ASSETS		
Cash (Notes A4 and B)	\$ 18,666,347	\$ 2,862,500
Receivables		
Grants (Note C)	8,085,056	-
Other	1,930	-
Contractual services advance	320,982	-
Fund raising funds	30,774	-
Prepaid expenses	<u>938</u>	<u>-</u>
Total current assets	27,106,027	2,862,500
 PROPERTY AND EQUIPMENT - At cost (Note A6 and D)		
	<u>1,260,614</u>	<u>-</u>
Total assets	<u>\$ 28,366,641</u>	<u>\$ 2,862,500</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,400,594	\$ 204,548
Accrued liabilities	18,635	-
Deferred fund raising revenue	<u>19,410</u>	<u>-</u>
Total current liabilities	1,438,639	204,548
 NET ASSETS (Notes A2 and A3)		
Unrestricted	19,876	-
Temporarily restricted	<u>26,908,126</u>	<u>2,657,952</u>
Total net assets	<u>26,928,002</u>	<u>2,657,952</u>
Total liabilities and net assets	<u>\$ 28,366,641</u>	<u>\$ 2,862,500</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES
CENTER IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

STATEMENT OF ACTIVITIES

Year ended June 30, 2004

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>MEMORANDUM ONLY June 30, 2004</u>	<u>June 30, 2003</u>
REVENUE				
Grants (Note C)	\$ -	\$ 27,159,566	\$ 27,159,566	\$ 2,862,500
Interest	-	14,459	14,459	-
Fund raising	12,500	-	12,500	-
Other	7,725	-	7,725	-
Net assets released from restrictions	<u>2,923,851</u>	<u>(2,923,851)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>2,944,076</u>	<u>24,250,174</u>	<u>27,194,250</u>	<u>2,862,500</u>
EXPENSES				
Salaries and related expenses	783,144	-	783,144	73,393
Professional services	127,341	-	127,341	105,666
Operating services	80,122	-	80,122	9,659
Supplies	42,906	-	42,906	8,899
Travel	49,784	-	49,784	128
Marketing	30,028	-	30,028	-
Business expenses	14,489	-	14,489	6,803
Other expenses	40,173	-	40,173	-
Fund raising expenses	348	-	348	-
Depreciation	380	-	380	-
Cessation expenses	<u>1,755,485</u>	<u>-</u>	<u>1,755,485</u>	<u>-</u>
Total Expenses	<u>2,924,200</u>	<u>-</u>	<u>2,924,200</u>	<u>204,548</u>
INCREASE IN NET ASSETS	19,876	24,250,174	24,270,050	2,657,952
Net assets, beginning of year	<u>-</u>	<u>2,657,952</u>	<u>2,657,952</u>	<u>-</u>
Net assets, end of year	<u>\$ 19,876</u>	<u>\$ 26,908,126</u>	<u>\$ 26,928,002</u>	<u>\$ 2,657,952</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES
CENTER IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

STATEMENT OF CASH FLOWS

Year Ended June 30, 2004

		MEMORANDUM ONLY
		<u>June 30, 2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 19,074,510	\$ 2,862,500
Interest income	14,459	-
Other income	<u>6,931</u>	<u>-</u>
	19,095,900	2,862,500
Payments to employees and suppliers and for research expense	<u>(2,031,059)</u>	<u>-</u>
Net Cash Provided by Operating Activities	17,064,841	2,862,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,260,994)	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase in Cash and Cash Equivalents	<u>15,803,847</u>	<u>2,862,500</u>
Cash and Cash Equivalents at Beginning of Year	<u>2,862,500</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 18,666,347</u>	<u>\$ 2,862,500</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	<u>\$ 24,270,050</u>	<u>\$ 2,657,952</u>
Adjustments to reconcile increase in net assets provided by operating activities:		
Depreciation	380	-
Fund raising funds	(30,774)	-
(Increase) in operating assets:		
Accounts receivable	(8,086,986)	-
Contractual services advance	(320,982)	-
Prepaid expenses	(938)	-
Increase in operating liabilities:		
Accounts payable	1,214,681	204,548
Deferred fund raising revenue	<u>19,410</u>	<u>-</u>
Total adjustments	<u>(7,205,209)</u>	<u>204,548</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 17,064,841</u>	<u>\$ 2,862,500</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (the "Corporation") was incorporated June 7, 2002. The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

The Corporation was organized for charitable, educational and scientific purposes. The primary purpose will be to conduct and support research and promote education in the diagnosis, detection, and treatment of cancer in the pursuit of obtaining the National Cancer Institute designation for its members, the Louisiana State University Health Sciences Center in New Orleans, and the Tulane University Health Sciences Center.

2. Financial Statement Presentation

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Accordingly, the net assets of the Corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets during the year ended June 30, 2004.

3. Revenue Recognition

For financial reporting, the Corporation recognizes all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

Grant revenue is recognized as it is earned in accordance with approved contracts.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Cash and Cash Equivalents

Cash consists of deposits with financial institutions, including savings and demand deposits. These deposits are stated at cost, which approximates market.

For the purposes of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Property and equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the costs of depreciable assets to operations over their estimated service lives, on a straight-line basis. It is the policy of the Corporation to capitalize property and equipment with an acquisition cost in excess of \$1,000.

7. Memorandum Only columns

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - CASH

At June 30, 2004, the bank cash balance amounted to \$18,921,282. The general ledger balance of \$18,666,347 is less because of outstanding checks. The funds were only secured by the amount of federal depository insurance, \$100,000, for the year ended June 30, 2004, however, on August 26, 2004, the Corporation's bank agent pledged and now holds securities with a market value of \$21,665,682, as collateral in Louisiana Cancer research Center's name.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE C - GRANTS RECEIVABLE AND REVENUE

	<u>Receivable</u>	<u>Revenue</u>
Grant revenue consists of the following at June 30, 2004:		
Louisiana State University Health Sciences Center in New Orleans - Cancer Research	\$ 4,807,786	\$ 16,149,353
Louisiana State University Health Sciences Center in New Orleans - Cessation Program	<u>3,277,270</u>	<u>11,010,213</u>
	<u>\$ 8,085,056</u>	<u>\$ 27,159,566</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2004:

Research equipment	\$ 632,471	
Office equipment	<u>7,140</u>	
	639,611	
Less accumulated depreciation	<u>380</u>	
	<u>639,231</u>	
 Construction in progress		
Land	345,295	
Building	<u>276,088</u>	
	<u>\$ 1,260,614</u>	

Cancer research is currently being performed at Louisiana State University Health Sciences Center and Tulane Health Sciences Center. Construction of a cancer research facility is estimated to begin in May 2005 and to be completed in 2007 at an estimated cost of \$55,000,000. Each of the separate university cancer centers will occupy the new facility when completed.

Depreciation expense for the year ended June 30, 2004 amounted to \$380.

NOTE E - RETIREMENT PLAN

All full-time Louisiana Cancer Research Center employees are eligible to participate in the 403(b) retirement plan. The existing 403(b) plan is a tax-sheltered annuity (TSA) plan, currently administered by TIAA-CREF. Although eligible employees are not required to participate in the plan, contributions are made by the Center as part of the established benefits package. The plan allows for employee contributions with a matching requirement up to 3% of the employee's annual compensation. The Center contributed \$12,330 to the plan for the year ended June 30, 2004.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE F - SCHEDULE OF FUNCTIONAL EXPENSES

A schedule of functional expenses for the year ended June 30, 2004 follows:

	<u>Program Expenses</u>	<u>General and Administration</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and related expenses		198,249		198,249
Professional services		68,579		68,579
Operating services		30,026		30,026
Supplies		9,502		9,502
Travel		7,941		7,941
Marketing		30,028		30,028
Business expenses		9,489		9,489
Research expenses	812,570			812,570
Cessation expenses	1,755,755			1,755,755
Depreciation		380		380
Other expenses		1,333		1,333
Fund raising expenses			348	348
	<u>\$ 2,568,325</u>	<u>\$ 355,527</u>	<u>\$ 348</u>	<u>\$ 2,924,200</u>

NOTE G - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any board member during the year ended June 30, 2004.

NOTE H - ECONOMIC DEPENDENCY

The Corporation received ninety-nine percent of its revenue from funds provided through grants administered by the State of Louisiana during the year ended June 30, 2004. The grant amounts are appropriated periodically by the State of Louisiana. If significant budget cuts are made at the State level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operations. At the time of the completion of the examination of the Corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the organization will receive in the next fiscal year.

SUPPLEMENTAL INFORMATION

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

COMBINED STATEMENT OF ACTIVITIES

Year Ended June 30, 2004

	<u>Cancer Research</u>	<u>Cessation</u>	<u>Fund Raising</u>	<u>Property And Equipment</u>	<u>Total</u>
REVENUE					
Grants	\$ 16,149,353	\$ 11,010,213	\$ -	\$ -	\$ 27,159,566
Interest	11,352	3,107			14,459
Fund raising			12,500		12,500
Other	<u>7,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,725</u>
Total Revenue	<u>16,168,430</u>	<u>11,013,320</u>	<u>12,500</u>	<u>-</u>	<u>27,194,250</u>
 EXPENSES					
Salaries and related expenses	198,249				198,249
Professional services	68,579				68,579
Operating services	30,026				30,026
Supplies	9,502				9,502
Travel	7,941				7,941
Marketing	30,028				30,028
Business expenses	9,489				9,489
Research expenses	812,570				812,570
Cessation expenses		1,755,755			1,755,755
Depreciation				380	380
Other expenses	1,333				1,333
Fund raising expenses			<u>348</u>		<u>348</u>
Total Expenses	<u>1,167,717</u>	<u>1,755,755</u>	<u>348</u>	<u>380</u>	<u>2,924,200</u>
 INCREASE IN NET ASSETS	15,000,713	9,257,565	12,152	(380)	24,270,050
 Property and Equipment Capitalized	(1,260,994)	-	-	1,260,994	-
 NET ASSETS, BEGINNING OF YEAR	<u>1,495,452</u>	<u>1,162,500</u>	<u>-</u>	<u>-</u>	<u>2,657,952</u>
 NET ASSETS, END OF YEAR	<u>\$ 15,235,171</u>	<u>\$ 10,420,065</u>	<u>\$ 12,152</u>	<u>\$ 1,260,614</u>	<u>\$ 26,928,002</u>

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Louisiana Cancer Research Center of L.S.U. Health Sciences Center
in New Orleans/Tulane Health Sciences Center

We have audited the financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (a non-profit corporation) as of and for the year then ended June 30, 2004, and have issued our report thereon dated August 26, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We have also issued a separate report, dated August 26, 2004, entitled "Memorandum of Advisory Comments". This separate report does not involve matters of internal control or compliance.

This report is intended for the information of the audit committee, management, others within the organization, Louisiana awarding agencies, Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cassio, Davis + Schmidt, LLP.

August 26, 2004

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2004

AUDIT FINDINGS

There were no audit findings for the years ended June 30, 2004, and June 30, 2003.

QUESTIONED COSTS

There were no questioned costs.

MANAGEMENT LETTER

A management letter was issued for the year ended June 30, 2004.

REQUIRED SUPPLEMENTARY INFORMATION

Louisiana Cancer Research Center of L.S.U. Health Science Center
in New Orleans/Tulane Health Sciences Center

STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

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AFFIDAVIT

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MD&A

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**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

The Management's Discussion and Analysis of the Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (Louisiana Cancer Research Center's) financial performance presents a narrative overview and analysis of Louisiana Cancer Research Center's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the required supplemental information and the Louisiana Cancer Research Center's basic financial statements listed in the table of contents.

FINANCIAL HIGHLIGHTS AND OVERVIEW OF THE FINANCIAL STATEMENTS

The Louisiana Cancer Research Center's assets exceeded its liabilities at the close of fiscal year 2004 by \$26,928,002. Net assets at June 30, 2003 amounted to \$2,657,950; however the first grant revenue was received on June 30, 2003. This entity is only in the beginning phase of operations. The Louisiana Cancer Research Center's revenue increased by \$24,331,750 and the net results from activities increased by \$24,270,050.

Net assets at year end primarily consist of cash and cash equivalents. \$1.26M was invested in property, plant and equipment critical to building the Cancer Center programs.

Operating expenditures totaling \$2.9M included programmatic (research and cessation), administrative and governance, and operational systems infrastructure and design implementation, critical during a start-up period. The Louisiana Cancer Research Center is still in its developmental phase. As mentioned above, grant funding was not available until June of fiscal year 2003. Comparative analysis is not presented in the financial highlights as the analysis would produce skewed results.

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Louisiana Cancer Research Center as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance sheet; the Statement of Activities and the Statement of Cash Flows.

The Balance Sheet presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Louisiana Cancer Research Center is improving or deteriorating.

The Statement of Activities and Changes in Fund Net Assets presents information showing how Louisiana Cancer Research Center's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
 NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004

The Cash Flow Statement presents information showing how Louisiana Cancer Research Center's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

	Total	
	2004	2003
Current and other assets	\$ 27,106	\$ 2,863
Capital assets	1,261	
Total assets	28,367	2,863
Other liabilities	1,439	205
Long-term debt outstanding		
Total liabilities	1,439	205
Net assets:		
Invested in capital assets, net of debt		
Restricted (Temporarily)	26,908	2,658
Unrestricted	20	
Total net assets	\$ 26,928	\$ 2,658

Temporarily restricted net assets represent those assets that are only available for spending as provided by the grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
 NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 for the years ended June 30, 2004
 (in thousands)

	Total	
	2004	2003
Operating revenues	\$ 35	\$
Operating expenses		
Operating income(loss)	35	
Non-operating revenues(expenses)	24,235	2,658
income(loss) before transfers	24,270	2,658
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ 24,270	\$ 2,658

The Louisiana Cancer Research Center's total revenues increased by \$24,331,000. The total cost of all programs and services increased by \$2,719,000.

STATEMENT OF CASH FLOWS

Another way to assess the financial health of BTA is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

Statement of Cash Flows
 (in thousands)

	2004	2003
Cash and cash equivalents provided used by:		
Operating activities		
Capital Financial Activities	\$ (1,261)	\$
Non-capital financing activities	17,065	2,863
Investing activities		\$
Net increase in cash and cash equivalents	15,804	2,863
Cash and cash equivalents		
Beginning of year	2,863	
End of year	\$ 18,666	\$ 2,863

STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
 NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Louisiana Cancer Research Center had \$1,260,614 invested in a broad range of capital assets, including research equipment - \$632,471; and construction in progress of a cancer research facility - \$621,383. This amount represents a net increase (including additions and deductions) of \$1,260,614, over last year.

Capital Assets at Year-end
 (Net of Depreciation, in thousands)

	2004	2003
Land	\$ 345	\$ -
Buildings and improvements	276	-
Equipment	639	-
Infrastructure	-	-
Totals	\$ \$ 1,260	\$ \$ -

This year's major additions included (in thousands):

- Research equipment \$ 632
- Construction in progress of
 • Cancer research center 621
-

Debt - None

The _____ (BTA) had \$ _____ thousand in bonds and notes outstanding at year-end, compared to \$ _____ thousand last year, an increase of _____ % as shown in the table below.

Outstanding Debt at Year-end
 (in thousands)

	2004	2003
General Obligation Bonds	\$ 0	\$ 0
Revenue Bonds and Notes	0	0
Totals	\$ \$ -	\$ \$ -

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES CENTER IN
NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2004**

New debt resulted from NONE.

The _____ (BTA)'s bond rating continues to carry the _____ rating for general obligation bonds, and _____ rating for other debt.

The _____ (BTA) has claims and judgments of \$ _____ outstanding at year-end compared with \$ _____ last year. Other obligations include accrued vacation pay and sick leave.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$.8 million under budget and expenditures were less than budget due in part to:

Revenues – Over estimation in tobacco tax collections projections for fiscal year 2004.

Expenditures – The Louisiana Cancer Research Center was in its beginning phases of operation in Fiscal year 04. Programmatic expenditures were low during this phase.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Louisiana Cancer Research Center's budget allocation is completed based on the guidelines set and/or approved by the Center's Board of Directors. The appointed officials considered the following factors and indications when setting next year's budget and budget allocations.

- Annual state appropriation based on revenue estimates from tobacco tax collections resulted in slight reduction compared to FY04.
- Building construction is anticipated to begin in FY05; anticipated \$55M in bonds issuance will fund building construction costs.
- The attraction of nationally recognized faculty & researchers will require significant start-up investment in the scientific programs.

The Louisiana Cancer Research Center expects that next year's financial and operating results will improve based on the following:

- Building Construction will commence which will enhance faculty recruitment activities; nationally recognized and NIH/NCI grant funded faculty will be targeted.
- The programmatic areas will move past start-up into aggressive program development phase; which includes development of Research Core Laboratories.
- Cash position will improve due to bond issuance making operating available dollars for program investment.

CONTACTING THE LOUISIANA CANCER RESEARCH CENTER'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Cancer Research Center's finances and to show the Louisiana Cancer Research Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deborah C. Reeder.

STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
BALANCE SHEET
AS OF JUNE 30, 2004

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$	<u>18,666,347</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>8,086,986</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		<u>938</u>
Notes receivable		
Other current assets		<u>351,756</u>
Total current assets		<u>27,106,027</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		<u>639,231</u>
Infrastructure		
Construction in progress		<u>621,383</u>
Other noncurrent assets		
Total noncurrent assets		<u>1,260,614</u>
Total assets	\$	<u>28,366,641</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>1,419,229</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		<u>19,410</u>
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>1,438,639</u>

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		<u>-</u>
Total liabilities		<u>1,438,639</u>

NET ASSETS

Invested in capital assets, net of related debt		
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted (Temporarily restricted)		<u>26,928,002</u>
Total net assets		<u>26,928,002</u>
Total liabilities and net assets	\$	<u>28,366,641</u>

The accompanying notes are an integral part of this financial statement.

Statement A

**STATE OF LOUISIANA
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Other - Grants (LSU HSC)	27,159,566
Total operating revenues	<u>27,159,566</u>
OPERATING EXPENSES	
Cost of sales and services	2,924,200
Administrative	_____
Depreciation	_____
Amortization	_____
Total operating expenses	<u>2,924,200</u>
Operating income(loss)	<u>24,235,366</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property	_____
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	34,684
Total non-operating revenues(expenses)	<u>34,684</u>
Income(loss) before contributions and transfers	<u>24,270,050</u>
Capital contributions	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>24,270,050</u>
Total net assets -- beginning as restated	<u>2,657,952</u>
Total net assets -- ending	<u>\$ 26,928,002</u>

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Entity	\$ 2,924,200	\$	\$ 27,159,566	\$ 24,235,366
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				14,459
Miscellaneous				20,225
Special items				
Transfers				
Total general revenues, special items, and transfers				34,684
Change in net assets				24,270,050
Net assets - beginning				2,657,952
Net assets - ending				\$ 26,928,002

STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

Cash flows from operating activities		
Cash received from customers (Grants)	\$ 19,074,510	
Cash payments to suppliers for goods and services	(1,832,810)	
Cash payments to employees for services	(198,249)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	21,390	
Net cash provided by operating activities		<u>17,064,841</u>
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other		
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(1,260,994)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(1,260,994)</u>
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		<u>-</u>
Net increase(decrease) in cash and cash equivalents		<u>15,803,847</u>
Cash and cash equivalents at beginning of year		<u>2,862,500</u>
Cash and cash equivalents at end of year		<u>\$ 18,666,347</u>

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
 LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>24,270,050</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	380	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(8,086,986)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	(938)	
(Increase)decrease in inventories		
(Increase)decrease in other assets	(351,756)	
Increase(decrease) in accounts payable and accruals	1,214,681	
Increase(decrease) in accrued payroll and related benefits		
Increase(decrease) in compensated absences payable		
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	19,410	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		\$ <u>17,064,841</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	_____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
Total noncash investing, capital, and financing activities:	-

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

Notes to the Financial Statement

As of and for the year ended June 30, 2004

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Activities

Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (the "Corporation") was incorporated June 7, 2002. The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

The Corporation was organized for charitable, educational and scientific purposes. The primary purpose will be to conduct and support research and promote education in the diagnosis, detection, and treatment of cancer in the pursuit of obtaining the National Center Institute designation for its members, the Louisiana State University Health Sciences Center in New Orleans, and the Tulane University Health Sciences Center.

2. Financial Statement Presentation

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards Board (FASB) as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-For-Profit Organizations." Accordingly, the net assets of the Corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There were no permanently restricted net assets during the year ended June 30, 2004.

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The Louisiana Cancer Research Center's budget allocation is completed based on the guidelines set and/or approved by the Center's Board of Directors. The appointed officials considered the following factors and indications when setting next year's budget and budget allocations.

- Annual state appropriation based on revenue estimates from tobacco tax collections resulted in slight reduction compared to FY04.
- Building construction is anticipated to begin in FY05; anticipated \$55M in bonds issuance will fund building construction cost.
- The attraction of nationally recognized faculty and researchers will require significant start-up investment in the scientific programs.

The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
 IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>26,352,000</u>
Amendments:	
Net adjustment to balance the Tobacco tax appropriations with the FY 2003 carryforward revenue.	<u>(3,719,160)</u>
Final approved budget	\$ <u><u>22,632,840</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2004, the bank cash balance amounted to \$18,921,282. The general ledger balance of \$18,666,347 is less because of outstanding checks. The funds were only secured by the amount of federal depository insurance, \$100,000, for the year ended June 30, 2004, however, on August 26, 2004, the Corporation's bank agent pledged and held securities with a market value of \$21,665,682 as collateral in Louisiana Cancer Research Center's name.

**STATE OF LOUISIANA
LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

Notes to the Financial Statement

As of and for the year ended June 30, 2004

The deposits at June 30, 2004, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other Money Market</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>957,438</u>	\$ _____	\$ <u>17,708,909</u>	\$ <u>18,666,347.00</u>
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$ <u>1,112,374</u>	\$ _____	\$ <u>17,708,908</u>	\$ <u>18,821,282.00</u>
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent <u>but not in the entity's name</u>	_____	_____	_____	-
Total category 3 bank balances	\$ <u>1,112,374</u>	\$ <u>-</u>	\$ <u>17,708,908</u>	\$ <u>18,821,282.00</u>
Total bank balances (All categories including category 3 reported above)	\$ <u>1,212,374</u>	\$ _____	\$ <u>17,708,908</u>	\$ <u>18,921,282.00</u>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Whitney National Bank</u>	<u>Acct.# 715-112-961</u>	<u>\$ 758,892</u>
2. <u>Whitney National Bank</u>	<u>Acct.# 715-112-988</u>	<u>453,482</u>
3. <u>Whitney National Bank</u>	<u>Acct.# 715-113-348</u>	<u>14,270,716</u>
4. <u>Whitney National Bank</u>	<u>Acct.# 715-113-356</u>	<u>3,438,192</u>
Total		<u>\$ 18,921,282</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ <u>0</u>
Petty cash	\$ <u>0</u>

2. INVESTMENTS - NONE

The _____ (BTA) does/does not maintain investment accounts as authorized by _____ (Note legal provisions authorizing investments by (BTA)).

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk. Beginning with fiscal year ending June 30, 2004, only risk category 3 has to be broken out

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

Notes to the Financial Statement

As of and for the year ended June 30, 2004

3. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds _____

- b. Securities underlying reverse repurchase agreements _____

- c. Unrealized investment losses _____

- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 - 1. Carrying amount and market value at June 30 of securities to be resold _____

 - 2. Description of the terms of the agreement _____

- e. Losses during the year due to default by counterparties to deposit or investment transactions _____

- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____

- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____

- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____

- k. Market value on _____ (fiscal close), of the securities to be repurchased _____

- l. Description of the terms of the agreements to repurchase _____

- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____

- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

Notes to the Financial Statement

As of and for the year ended June 30, 2004

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____

- p. Basis for determining which investments, if any, are reported at amortized cost _____

- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____

- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____

- s. Any involuntary participation in an external investment pool _____

- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____

- u. Any income from investments associated with one fund that is assigned to another fund _____

Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

- v. Briefly describe the deposit and /or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.

- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments _____

- x. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.)

- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).

- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by, using one of the following 5 methods that is used to identify and manage interest rate risk: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.)

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**
Notes to the Financial Statement
As of and for the year ended June 30, 2004

aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

D. CAPITAL ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes (\$380 for the year) is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2004						
	Balance 6/30/2003	Prior Period Adjustment	Adjusted Balance 7/1/2003	Additions	Transfers*	Retirements	Balance 6/30/2004
Capital assets not being depreciated							
Land	--	--	--	345,295	--	--	345,295
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	276,088	--	--	276,088
Total capital assets not being depreciated	--	--	--	621,383	--	--	621,383
Other capital assets							
Furniture, fixtures, and equipment	--	--	--	639,611	--	--	639,611
Less accumulated depreciation	--	--	--	(380)	--	--	(380)
Total furniture, fixtures, and equipment	--	--	--	639,231	--	--	639,231
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	--	--	--	639,231	--	--	639,231
Capital Asset Summary:							
Capital assets not being depreciated	--	--	--	621,383	--	--	621,383
Other capital assets, at cost	--	--	--	639,611	--	--	639,611
Total cost of capital assets	--	--	--	1,260,994	--	--	1,260,994
Less accumulated depreciation	--	--	--	(380)	--	--	(380)
Capital assets, net	--	--	--	1,260,614	--	--	1,260,614

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCE CENTER
IN NEW ORLEANS/TULANE HEALTH SCIENCES CENTER**

Notes to the Financial Statement

As of and for the year ended June 30, 2004

E. INVENTORIES - NONE

The unit's inventories are valued at _____ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: DO NOT INCLUDE POSTAGE. THIS IS SHOWN AS A PREPAYMENT.**

F. RESTRICTED ASSETS - NONE

Restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current assets section on Statement A, consist of \$ _____ in cash with fiscal agent, \$ _____ in receivables, and \$ _____ investment in _____ (identify the type investments held.) State the purpose of the restrictions: _____.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Cancer Research Center has the following policy on annual and sick leave:

Employees of the center accrue leave immediately upon hire, but at varying rates based on classification and years of service. Vacation and sick time are accrued on a monthly basis. Upon termination, employees will be paid for accrued vacation leave to be calculated at the employee's hourly rate upon termination. Accrued annual and sick leave at June 30, 2004 amounted to \$18,635.

2. COMPENSATORY LEAVE - NONE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at _____ (fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ _____. The leave payable (is) (is not) recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

All full-time Louisiana Cancer Research Center employees are eligible to participate in the 403(b) retirement plan. The existing 403(b) plan is a tax-sheltered annuity (TSA) plan, currently administered by TIAA-CREF. Although eligible employees are not required to participate in the plan, contributions are made by the Center as part of the established benefits package. The plan allows for employee contributions, with a matching requirement of up to 3% of the employee's annual compensation. The Center's matching contribution amounted to \$12,330 for the year ended June 30, 2004.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - NONE

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.**

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4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

**If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all (BTA) employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2004, the cost of providing those benefits for the _____ retirees totaled \$_____.

The _____(BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for those benefits if they reach normal retirement age while working for the (BTA). Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the (BTA). [The (BTA) recognizes the cost of providing these benefits ((BTA)'s portion of premiums) as an expenditure when paid during the year, which was \$_____ for the year ended _____, 20___. The cost of providing those benefits for _____ retirees is not separable from the cost of providing benefits for the _____ active employees.] (or, [The (BTA)'s cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended _____, 20__ the costs of _____ retiree benefits totaled \$_____].)

J. LEASES - NONE

1. OPERATING LEASES - NONE

The total payments for operating leases during fiscal year _____ amounted to \$_____. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010- 2014</u>	<u>FY2015- 2019</u>
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2. CAPITAL LEASES - NONE

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National

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Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30 :</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

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<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

SCHEDULE C – LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

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Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

3. LESSOR DIRECT FINANCING LEASES - NONE

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or

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building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$_____ for office space, \$_____ for equipment, and \$_____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year):

Year ending _____:	
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total	\$ _____

4. LESSOR – OPERATING LEASE - NONE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	_____	_____

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year):

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2005	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2006	_____	_____	_____	_____	_____
2007	_____	_____	_____	_____	_____
2008	_____	_____	_____	_____	_____
2009	_____	_____	_____	_____	_____
2010-2014	_____	_____	_____	_____	_____
2015-2019	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Current year lease revenues received in fiscal year _____ totaled \$_____.

Contingent rentals received from operating leases received for your fiscal year was \$_____ for office space, \$_____ for equipment, and \$_____ for land.

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K. LONG-TERM LIABILITIES - NONE

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20__:

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$	\$
Reimbursement contracts payable					
Bonds payable					
Total notes and bonds	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other liabilities:					
Contracts payable					
Compensated absences payable					
Capital lease obligations					
Liabilities payable from restricted assets					
Claims and litigation					
Other long-term liabilities					
Total other liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total long-term liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

A detailed summary, by issues, of all debt outstanding at June 30, 20__, including outstanding interest of \$_____ is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. LITIGATION - NONE

1. The _____(BTA) is a defendant in litigation seeking damages as follows:

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	Primary Attorney	Damages Claimed	Insurance Coverage
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Totals			\$ _____	\$ _____

The _____(BTA)'s legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows (would not materially affect the financial statements or is unable to estimate the effect on the financial statement):_____

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2. Claims and litigation costs of \$ _____ were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS - NONE

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions). _____

N. ACCOUNTING CHANGES - NONE

Accounting changes made during the year involved a change in accounting _____ (principle, estimate, error or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS - NONE

(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
	\$ _____
Total	\$ _____ -

P. DEFEASED ISSUES - NONE

In _____, 20____, the _____ (BTA), issued \$ _____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$ _____.

Q. COOPERATIVE ENDEAVORS NONE

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between

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S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS - NONE

At June 30, 20__, the _____ (BTA) was not in compliance with the provisions of _____ Bond Reserve Covenant that requires _____ The _____ (BTA) did _____ to correct this deficiency.

T. SHORT-TERM DEBT - NONE

The _____(BTA) issues short-term notes for the following purpose(s)_____

Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of S-T debt (e.g., tax anticipation notes)	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The _____(BTA) uses a revolving line of credit for the following to finance _____(list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Grant Receivables	Other Receivables	Total Receivables
Cancer Research Program	\$ _____	\$ _____	4,807,786.00	1,930.00	4,809,716.00
Cessation Program	_____	_____	3,277,270.00	_____	3,277,270.00
Gross receivables	\$ _____ -	_____ -	8,085,056.00	1,930.00	8,086,986.00
Less allowance for uncollectible accounts	_____ -	_____ -	_____ -	_____ -	_____ -
Receivables, net	\$ _____ -	_____ -	8,085,056.00	1,930.00	8,086,986.00
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	_____ -	_____ -	_____ -

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V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Cancer Research	\$ 1,400,594	\$ -	\$ -	18,635	1,419,229
Total payables	\$ 1,400,594	-	-	18,635	1,419,229

W. SUBSEQUENT EVENTS - NONE

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.] _____

X. SEGMENT INFORMATION - NONE

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____.

A. Condensed balance sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

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	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	-	-
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	-	-
Beginning net assets	_____	_____
Ending net assets	-	-

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities

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- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____	_____

Y. DUE TO/DUE FROM AND TRANSFERS - NONE

1. List by fund type the amounts due from other funds detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ _____

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS - NONE

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

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Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS - NONE

The following adjustments were made to restate beginning net assets for June 30, 20__.

Ending net assets July 1, 2003, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2003, <u>As restated</u>
\$ _____	\$ _____	\$ --
_____	_____	--
_____	_____	--
_____	_____	--
_____	_____	--
_____	_____	--
_____	_____	--

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

STATE OF LOUISIANA

(BTA)

SCHEDULE OF STATE FUNDING
For the Year Ended _____
(Fiscal Close)

	<u>Description of Funding</u>	<u>Amount</u>
1.	NONE	\$ _____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
9.	_____	_____
10.	_____	_____
	Total	\$ <u>_____</u>

STATE OF LOUISIANA
 _____ (BTA)
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
 _____, 20__
 (Fiscal Close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
NONE		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

STATE OF LOUISIANA
 (BTA)
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
 For The Year Ended _____
 (Fiscal Close)

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
 For The Year Ended June 30, 20__

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ _____	\$ _____	\$ _____	\$ _____
2006	_____	_____	_____	_____
2007	_____	_____	_____	_____
2008	_____	_____	_____	_____
2009	_____	_____	_____	_____
2010-2014	_____	_____	_____	_____
2015-2019	_____	_____	_____	_____
2020-2024	_____	_____	_____	_____
2025-2029	_____	_____	_____	_____
Total	\$ _____	\$ _____	_____	_____

STATE OF LOUISIANA
 _____(BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 20__

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____	\$ _____

STATE OF LOUISIANA

Louisiana Cancer Research Center of L.S.U. Health Science Center
in New Orleans/Tulane Health Sciences Center

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>27,194,250</u>	\$ <u>2,862,500</u>	\$ <u>24,331,750</u>	\$ <u>(See Below)</u>
Expenses	<u>2,924,200</u>	<u>204,548</u>	<u>2,719,652</u>	
2) Capital assets	<u>1,260,614</u>	<u>-</u>	<u>1,260,614</u>	
Long-term debt			<u>-</u>	
Net Assets	<u>26,928,002</u>	<u>2,657,952</u>	<u>24,270,050</u>	

Explanation for change: The percentage change is not meaningful. The Research and Cessation Programs are in the preliminary stages.

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ <u>26,352,000</u>	\$ <u>22,632,840</u>	\$ <u>3,719,160</u>	<u>14%</u>
Expenditures	<u>(Not budgeted)</u>	<u>22,632,840</u>		

Explanation of change: To balance the tobacco tax appropriation with the anticipated FY03 carryforward.

	<u>2004 Final Budget</u>	<u>2004 Actual Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	<u>22,632,840</u>	<u>27,194,250</u>	<u>4,561,410</u>	<u>20%</u>
Expenditures	<u>22,632,840</u>	<u>22,632,840</u>	<u>0</u>	

Explanation of change: FY03 carryforward held in restricted account by transferring agency released; currently unallotted.

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**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH SCIENCES
CENTER IN NEW ORLEANS/TULANE HEALTH
SCIENCES CENTER**

MEMORANDUM OF ADVISORY COMMENTS

June 30, 2004

**CASCIO, DAVIS & SCHMIDT, LLP
Certified Public Accountants**

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FRANCIS J. CASCIO, CPA
JAN E. DAVIS, CPA
STEVEN A. SCHMIDT, CPA

MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
PUBLIC ACCOUNTANTS

To the Executive Director and Board of
Louisiana Cancer Research Center of L.S.U. Health Sciences Center in
New Orleans/Tulane Health Sciences Center

We have audited the financial statements of Louisiana Cancer Research Center of L.S.U. Health Sciences Center in New Orleans/Tulane Health Sciences Center (Louisiana Cancer Research Center), a non-profit corporation for the year ended June 30, 2004, and have issued our report therein dated August 26, 2004. We have also issued our report dated August 26, 2004, on our consideration of Louisiana Cancer Research Center's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, and grants. This letter does not affect our reports mentioned above.

During our audit, we became aware of opportunities for strengthening the reporting and operating efficiency of the organization. We have already discussed these comments and suggestions with various Organization personnel, and will be pleased to discuss them in further detail at your convenience.

Cascio, Davis & Schmidt, LLP.

August 26, 2004

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH
SCIENCES CENTER IN NEW ORLEANS/TULANE HEALTH
SCIENCES CENTER**

COMMENTS AND SUGGESTIONS

June 30, 2004

CESSATION PROGRAM

The related expenses for the Cessation Program that were passed through to the subcontractor, Louisiana Public Health Institute, (LPHI), amounted to 60% of the total Louisiana Cancer Research Center's (the Center) expenses. After reviewing the agreement between the Center and LPHI, and given the large percentage of resources devoted to the subcontractor, we would like to make some initial recommendations on the areas of improving operational efficiency:

1. **Issue:**

The Center has been declared a Business Type entity, and a component reporting unit of the State of Louisiana and is now required to report its annual financial and compliance audits to the State of Louisiana before August 31st.

Recommendation:

The agreement should be modified to require the subcontractor to have their financial and compliance audits completed and submitted to the Center no later than August 15th. This should prevent any delays for the Center in reporting to the State.

2. **Issue:**

Presently, there is a delay in the submission of cost reports from the subcontractor to the Center. As this contract is setup as a reimbursement fee contract, the delay can have an adverse impact on the ability of the subcontractor to perform their duties.

Recommendation:

The Center should provide to the subcontractor a specific format and procedure for the preparation of the cost report resulting in faster approval by the Center. The subcontractor should be given specific dates that the cost reports will be required to be sent to the center for review and approval for payment. The finance and administration staffs from both entities should meet to design and implement this recommendation.

3. **Issue:**

Currently, the Center oversight staff salaries are included in the subcontractors' budget and overhead. This results in confusion between entities regarding control of these budget dollars.

Recommendation:

The contract should be amended to allow the Center staff salaries and overhead to be removed from the subcontractors' budget, and the contract amount for the subcontractor should be reduced to reflect that removal.

**LOUISIANA CANCER RESEARCH CENTER OF L.S.U. HEALTH
SCIENCES CENTER IN NEW ORLEANS/TULANE HEALTH
SCIENCES CENTER**

COMMENTS AND SUGGESTIONS

June 30, 2004

FUND RAISING

Issue:

Based on the fund raising policy adopted at the March 9, 2004 Board Meeting, the Louisiana Cancer Research Center records the fund raising revenue and expenses in their general ledger, however, most of the fund raising revenue is received at the two university sciences centers (LSU and Tulane), and the funds are disbursed by these centers directly. At the present time, the fund raising revenue is not significant, but it is expected to increase in the future.

Recommendation:

In conformity with the Internal Revenue Service (IRS) rules for the preparation of the Exempt Organization Tax Return (Form 990), it should be the policy of Louisiana Cancer Research Center that contributions made in the name of Louisiana Cancer Research Center be deposited in a bank account maintained by Louisiana Cancer Research Center.

The IRS has recently begun close scrutiny of donations and fund raising activity of non-profit organizations. Given that it is not readily transparent to the donor that the proceeds are directly split to each cancer research educational facility, it could result in a possible conflict with donor wishes. Also, a donor's contribution of \$250 or more is disallowed by the IRS as a charitable contribution, unless a written acknowledgment is obtained from the recipient organization (Louisiana Cancer Research Center).

We recommend that either the Louisiana Cancer Research Center receive all donations and fund raising revenue proceeds directly, to allow for proper recording of the transactions and donor acknowledgments to be given by Louisiana Cancer Research Center, or if the Board chooses to maintain the current policy.

It is suggested that a system be put into place that allows for: (1) transparency to the donor of how the donation will be utilized, and (2) a timely reporting and set of controls to allow Louisiana Cancer Research Center to properly identify and incorporate all fund raising activities into their financial system.



Steven E. Moye
President & CEO

Scientific Directors:

Oliver Sartor, M.D.
Director, Stanley S. Scott Cancer Center
LSU Health Sciences Center

Roy S. Weiner, M.D.
Director, Tulane Cancer Center
Tulane University Health Sciences Center

CORRECTIVE ACTION PLAN FOR ADVISORY COMMENTS AND SUGGESTIONS JUNE 30, 2004

CESSATION PROGRAM

1. Louisiana Cancer Research Center's Finance staff plan to meet with the subcontractor within 30 days to discuss the urgency of delivering their audit report to us by August 15th, effective for fiscal year ending June 30, 2005. The contractual agreement will be amended indicating the above required date for submission of the subcontractor's audit report.
2. We will meet with the finance and administrative staffs of the subcontractor to implement procedures for preparation and submission of timely cost reports.
3. The budget and contract with the subcontractor is being amended to remove the salaries and overhead of Louisiana Cancer Research Center. The action has already been recommended to and approved by the Finance Committee and is pending Board approval. The contract amount and subcontractor's operating budget will be amended to reflect the removal of the Center's staff salaries and overhead.

FUND RAISING

We are presently discussing fund raising policies and procedures with the two university health sciences centers leading up to a consensus on timely reporting and controls. Once approved, the fundraising policy and procedure will be updated to reflect changes regarding reporting and controls.

A handwritten signature in black ink, appearing to read "Deborah Reeder".

Auditee Representative: **Deborah Reeder, Chief Financial Officer**
Phone Number: **(504) 598-1557**